

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 03 KINSHASA 001976

SIPDIS

AF/EPS FOR KWALZ, EB/ESC FOR SSPECT

E.O. 12958: DECL: 10/22/2014

TAGS: [EMIN](#) [ECON](#) [PGOV](#) [PREL](#) [CG](#)

SUBJECT: KIMBERLEY PROCESS VISIT TO DRC PROVIDES  
CONSTRUCTIVE CRITICISM

REF: KINSHASA 1747

Classified By: Econoff Peter Newman for reasons 1.4 b/d

11. (SBU) Summary. At the request of the DRC government, a Kimberley Process review team visited the DRC in October. Although the GDRC has made some progress, it is not in full compliance with Kimberley Process regulations. There are still serious holes in the DRC's Kimberley Process system, and an estimated 40 percent of production is smuggled undocumented. Some government agencies involved in the Kimberley Process are functioning well, but the political will to maintain them and improve other offices is lacking. The review team was very open with the international community. It signaled that it will likely give balanced criticism of GDRC compliance, and that it recognizes the DRC's importance to the international diamond trade. End Summary.

#### TEAM COMPOSITION

12. (SBU) The Kimberley Process (KP) review team came to the DRC at the request of the Congolese government from Oct 11 to 15. This is a positive and proactive step showing DRC willingness to achieve compliance with international norms. The review team consisted of Team Director Ambassador David Viveash (Canada), Mark Van Bockstael (Antwerp High Diamond Council), Kim Eling (European Commission), Jacqueline Lenka (South Africa Diamond Board), Abdoul Wahab Diakhaby (Guinean National Diamond and Precious Materials Bureau), and Emily Bild (Global Witness). The team granted ample briefing time to the international community, holding a COM dinner at the beginning of the visit and a diplomatic community outbrief at the end. Econoff, along with one British and one Canadian diplomat, travelled with the team to the interior of the DRC. (Note: Both DCM and econoff were told the USG was slated to lead this review visit. Due to the apparent unavailability of a USG participant, Canada agreed to head the delegation. DCM and Econoff were both asked about the lack of USG participation. End note.)

#### THE POSITIVES

13. (SBU) Organizing and educating artisanal miners will be key to tracking the source of diamonds and to providing miners with opportunities for economic development. The Service d'Assistance et d'Encadrement du Small Scale Mining (Saesscam) could be instrumental in this role, according to the KP team. They were impressed by Saesscam's ability to organize 23 cooperatives (50 percent of which are owned by expats) of small scale miners, usually working with dredges on rivers. Saesscam also is attempting to provide some business and safety training to the small scale and artisanal miners in the Kasais. At present, Saesscam does not have sufficient funds to fully deploy. As the number of cooperatives grow, however, so will Saesscam's receipts. Saesscam charges a fee for its services, which, beyond organizing the cooperatives, include monitoring of operations and safeguarding and transfer of diamonds.

14. (C) Cadastre Minier (Cami) is the body that processes and registers mining and exploration titles. Its effectiveness is necessary for orderly development of the mining sector as it avoids chaotic licensing. The KP team cited Cami as a positive example of a well-functioning government institution. Van Bockstael forecasted, however, that within one year Cami will not function anymore because it works too well. (Comment: Cami has already been the subject of political attacks from the Minister of Mines. The Minister sacked the head of Cami, Ambroise Mbaka, during Summer 2004. Mbaka claimed the Minister did this because he would not give preferential treatment to a friend of the Minister in processing an application. Cami was also efficiently processing exploration and mining title applications to the point that the applications were piling up on the Minister's desk. If, after a period of 30 days, the Minister does not sign the titles, they automatically are accepted. There is speculation that the Minister did not like the restriction - as it limited his ability to "treat" each case - and thus, in August, prohibited Cami from accepting any new applications. End comment.)

#### QUESTIONS AND CONCERNS

15. (C) The KP team was uncertain if the system of acknowledgement of receipt of certificates is working well, or if the GDRC is following up on unconfirmed Kimberley Process Certificates (KPCs). The GDRC only gave half answers to the Kimberley Process team regarding statistical discrepancies in KPC reporting, according to Van Bockstael. Several certificates have arrived in Europe and Israel that have not been recorded in the DRC. Four countries from 2003-2004 have reported exporting rough diamonds to the DRC, for which the DRC has no records.

16. (C) Illegal leakages of diamonds cause 40 percent of DRC production (by value) not to be captured within the KP system. This discrepancy cannot be reconciled with the numbers from Congo-Brazzaville, which was accused of smuggling USD 350 million per year of diamonds from the DRC. (Note. Brazzaville was removed from the Kimberley Process in June 2004. KP participant countries are no longer allowed to trade in diamonds with Congo-Brazzaville. End Note.) According to Van Bockstael, the majority of diamonds (by value) traded in Brazzaville were from Angola and were smuggled through the DRC. The Congolese diamonds traded in Brazzaville were largely from Mbuji Mayi and did not reach the 40 percent (by value) figure. The sharp increase in exports from the DRC in July was essentially a shock while the diamond dealers moved to beat the learning curve and find new export channels. Eling noted that the KP cannot blame the DRC for having porous borders. The question should be focused on whether smuggling is part of the system. Team members were dismayed that while the GDRC was very concerned about leakages of its own diamonds, it had no interest at all in dealing with diamonds from neighboring countries which leak into the DRC.

17. (C) Political wrangling around the control of the diamond trade inhibits the development of a strong tracking and evaluation system in compliance with KP regulations. The competition between the Minister of Mines, Eugene Diomi Ndongala, and the CEEC was evident at both the Kinshasa and provincial levels. Each tried to upstage the other in presentations, to the point of even hosting competing dinners for the team the same evening. This institutional tension is complicated by the diffuse structure of institutional roles in the diamond sector. Both Eling and Van Bockstael referred to the Aug/Sept 2003 gaffe by Minister of Mines Diomi where he accused Miba of fraudulently exporting USD 10 million of diamonds to the UK. This was because the Vice-Minister of Mines, in place of the Minister, signed the KPC for the shipment. The KP team has specifically asked the GDRC to clarify how many signatures are the minimum and who are the authorized signatories for the KPCs. Furthermore, some responsibilities are replicated, such as the presence of the Mining Administration in comptoirs at the same time as a CEEC representative (reftel).

#### TRAVEL TO THE INTERIOR

18. (C) Econoff accompanied the team to Mbuji Mayi and Tshikapa on Oct 12-13. The meetings in Mbuji Mayi generally

#### SIPDIS

revolved around Miniére de Bakwanga (Miba - the diamond parastatal). Team members were generally not impressed by Miba's facilities or its growth plans. Security was spotty in the sorting room and equipment was substandard and antiquated. Not one member of the senior management team of Miba was present during the visit. Besides meeting with Miba and regional CEEC and Ministry of Mines authorities, the KP team visited several comptoirs in both Mbuji Mayi and Tshikapa. The GDRC made a strong effort to round up miners

#### SIPDIS

and negotiants with government-required ID cards to demonstrate that diamonds are being tracked through an ID system. There were two comptoirs in Mbuji Mayi that were accepting diamonds from sellers (be they miners or negotiants) without identification. (Comment: What was troubling in those instances was that the CEEC and Mining Administration representatives were present and were not even enforcing the minimum standard of ID cards. They let the transactions take place regardless. End comment.)

#### KIMBERLEY PROCESS AS AN ASSISTANCE BODY

19. (SBU) One of the topics raised at the outbrief for the international community was the use of the Kimberley Process as an assistance body. Ambassador Viveash stated that the KP does not have the funding necessary to provide technical assistance on its own but it encourages Western donor nations to direct funding to projects to improve compliance with Kimberley Process regulations. Mark Van Bockstael noted that the KP is beginning to look at the idea of technical assistance and will soon hold seminars on KP implementation and "Diamonds for Development." He also stated that the KP could become a clearing house for ideas to channel to donors.

#### OTHER OBSERVATIONS

110. (C) Van Bockstael was concerned that the DRC continues to have a production quota for the comptoirs of USD 30 million per month (total for all comptoirs). This encourages cheating because when DRC production drops slightly the comptoirs must source their diamonds from Angola to meet the quota. Removing the production quota would allow greater purchasing and cashflow flexibility to the comptoirs while opening the market to other firms that may not be able to strongly contribute to the quota.

111. (SBU) Van Bockstael noted that Mbuji Mayi is rising in importance in the international diamond trade because the industrial quality stones of the type found in Mbuji Mayi are only found in one other mine in the world, the Argyle Mine in Australia. The Argyle mine is extremely mature and will likely be exhausted in the next 5-7 years. The Indian diamond polishing industry, which relies on these industrial quality diamonds, has become a multi-billion dollar business and will force a shift in purchasing from Australia to Antwerp or direct from the DRC to gain access to the stones it desires. Production in Mbuji Mayi will have to increase to meet the demand from India. Investment should begin to grow regardless of DRC internal political conditions.

112. (C) One of the new smuggling methods mentioned by Van Bockstael was the use of KPCs as transit documents. For example, a diamond shipment and accompanying DRC certificate could be sent to Switzerland. Once in Switzerland, the owner of the parcel could transform the diamonds to a banking transaction (rather than a mineral export) and move the diamonds to a non-participant country. (Note: Van Bockstael, Eling and Viveash all noted that Switzerland is close to being removed from the KP rolls if it does not stop this sort of activity. End note.)

#### COMMENTS

113. (C) Comment: The KP review team came to make sure that the Kimberley Process continues in the DRC, not to chastise GDRC performance. The DRC is not in full compliance with Kimberley Process regulations. The DRC's rising importance in the international diamond trade, however, makes it impossible and unwise to remove the country from the Kimberley Process. The KP team recognized the difficult internal political conditions that exist, and are of the opinion that the DRC system is, and will be for a long time, a work in progress. Recommendations will likely focus on clarifying internal divisions of labor and on increasing traceability from mine to comptoir. Unfortunately, the structures of the KP system and the institutions which work well (CEEC, Saesscam and Cami) are all under attack by competing political interests. Though the GDRC appears very engaged and willing to listen to the recommendations given by the KP, follow-through, as determined by momentary political necessities, will likely be spotty. End Comment.

MEECE